

Message Text

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PAGE 01 CANBER 03719 150647Z
ACTION EB-08

INFO OCT-01 EA-10 ISO-00 AID-05 CIAE-00 COME-00 FRB-03
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 L-03 H-01 /093 W
-----102526 150653Z /17

R 150555Z MAY 78
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC 3265
INFO AMCONSUL BRISBANE
AMCONSUL MELBOURNE
AMCONSUL PERTH
AMCONSUL SYDNEY

LIMITED OFFICIAL USE CANBERRA 3719

E.O. 11652: N/A
TAGS: ETRD, ETRN, BEXP, AS
SUBJECT: AMERICAN MOTORS (AMC)REQUEST FOR ASSISTANCE

REF: (A) STATE 118637 (NOTAL), (B) CANBERRA 2986

BEGIN UNCLASSIFIED

1. EMBASSY MADE PRESENTATION MAY 15 TO DEPARTMENT OF TRADE
AND RESOURCES OPPOSING INCREASED PROTECTION ON LIGHT
COMMERCIAL VEHICLES AND FOUR-WHEEL-DRIVE VEHICLES, AS
INSTRUCTED BY REFTEL A.

2. GOA OFFICIALS INDICATED THAT PRESENTATION WAS TIMELY AND
WOULD BE CAREFULLY CONSIDERED DURING INTER-DEPARTMENTAL
REVIEW OF INDUSTRIES ASSISTANCE COMMISSION REPORT. PROCEDURES
IN THIS INSTANCE ARE AKIN TO THOSE IN OTHER REFERENCES TO IAC,
IN THAT MAY 15 DATE OF SUBMISSION OF IAC REPORT IS NOT A
TERMINATION DATE BUT IS BEGINNING OF PERIOD IN WHICH EMBASSY
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PAGE 02 CANBER 03719 150647Z

CAN MAKE AN EFFECTIVE INPUT. HOWEVER, CABINET DECISION IS
LIKELY TO COME MORE RAPIDLY THAN WITH MOST PROTECTION CASES
REFERRED TO IAC, SINCE LOCAL AUTOMOBILE INDUSTRY IS LAYING
OFF WORKERS AND PRESSING STRONGLY FOR ASSISTANCE.

3. TWO SEGMENTS OF MARKET UNDER REFERENCE ARE QUITE
DIFFERENT, IN THAT THERE IS LOCAL PRODUCTION OF LIGHT

COMMERCIAL VEHICLES BUT NOE OF FOUR-WHEEL-DRIVE VEHICLES.
IN FORMER CATEGORY, QUAGMIRE OF PTORCTIONISM IS WELL
ILLUSTRATED. UNDER LOCAL CONTENT PLAN FOR AUTOMOBILES IF
LOCAL PRODUCERS MEET 85 PERCENT LOCAL CONTENT REQUIREMENT,
IMPORTS TO SUPPLY REMAINING 15 PERCENT OF VALUE ARE DUTY
FREE. IT IS IN ORDER TO SECURE THE COMPETITIVE BENEFITS OF
IMPORTS FREED FROM THE HIGH LEVELS OF PROTECTIVE DUTIES THAT
LOCAL PRODUCERS ARE REQUESTING THAT VEHICLES UNDER REFERENCE
BE BROUGHT UNDER LOCAL CONTENT PLAN. HIGHER DUTIES AND QUOTA
ON VEHICLE IMPORTS (ALONG WITH HIGHER PRICES TO CONSUMERS)
ARE UNFORTUNATELY ALSO PART OF THE PACKAGE.

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4. COMMENT: EMBASSY BELIEVES THAT IN CURRENT CLIMATE
LIKELIHOOD OF INCREASED PROTECTION AGAINST LIGHT COMMERCIAL
VEHICLE IMPORTS IS VERY GREAT. HOWEVER, U.S. EXPRESSION OF
CONCERN PLUS AUSTRALIAN SELF-INTEREST WITH RESPECT TO BENEFITS
OF AMERICAN MOTORS OPERATION MAY BE ENOUGH TO PRESERVE STATUS
QUO FOR FOUR-WHEEL-DRIVE VEHICLES.
ALSTON

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NNN

Message Attributes

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